

### Summary

This Practice Note outlines the standard timetables that issuers can follow when undertaking share split or share consolidation capital reconstructions.

### Relevant NZX Listing Rule: 3.14.1, 3.18.1(a), and 3.21.1

Under Rule 9.15.1 of the NZX Listing Rules (**Rules**), NZX Limited (**NZX**) may act by and through NZX Regulation Limited (**NZ RegCo**) in performing any function or discharging any power set out in the Rules. References in this Practice Note to NZX therefore also include NZ RegCo in relation to any regulatory activity or discretion.

This Practice Note has been prepared to assist Issuers with the operational timetable requirements for capital reconstructions – in particular;

- Share Splits where a company divides its securities into multiple new securities; or
- Share Consolidations where a company consolidates the number of existing securities into fewer, proportionally more valuable, securities.

This Practice Note sets out the options available to Issuers in respect of trading and settlement during these corporate action events. NZX and market participant's back office systems have specific operational requirements to implement capital reconstructions. Due to the complex nature of these corporate actions and the operational requirements of the market, NZX requests that Issuers contemplating a capital reconstruction engage with NZ RegCo and NZX Product Operations prior to announcing the capital reconstruction to the market.

Issuers must also be mindful of their obligation under Rule 3.18.1(a) which requires any decision to sub-divide or consolidate Financial Products, whether they are to be Quoted or not, to be released through MAP promptly and without delay.

Should an Issuer announce a timetable that does not meet NZX's operational requirements, the Issuer will be required to release a corrected timetable.

### **Capital reconstructions where the Issuer is listed on NZX only**

Issuers have two options when undertaking a capital reconstruction – to continuously trade through the capital reconstruction on a temporary instrument, or for trading to be halted. The two options are designed to prevent any unsettled positions existing on the Record Date and take into account the T+2 trading and settlement timetable of NZX.

#### **1. Continuous trading**

- NZX will create a temporary ticker that the Issuer will trade on over Ex Date and Record Date

- Trading in the temporary ticker occurs on a post reconstruction basis (i.e. the number of shares available will be the reconstructed amount and the share price will be the post reconstruction price)
- Following the implementation of the reconstruction (being the day after Record Date), the Issuer will revert back to their original ticker code but retain the new ISIN used with the temporary security.

### Continuous Trading Timetable

Date	Action or Event
X - 2	Last day of trading in pre-reconstruction securities
X - 1	Ex Date <i>Trading begins with the temporary ticker code and new ISIN ("ABCZ")</i>
X	Record Date <i>Trading with temporary ticker code and new ISIN ("ABCZ")</i>
X + 1	Implementation Date <i>Trading resumes with the original ticker code with the new ISIN</i>

## 2. Trading halt

- The relevant securities are placed into a trading halt over Ex Date and Record Date while NZX processes the capital reconstruction.
- There is no need for a change to either the ISIN or the ticker code for the security.
- Where an issuer would like a ticker change in conjunction with the trading halt, the new ticker will begin trading from implementation date.

### Trading Halt Timetable

Date	Action or Event
X - 2	Last day of trading in pre-reconstruction securities
X - 1	Ex Date <i>Trading halt</i>
X	Record Date <i>Trading halt</i>
X + 1	Implementation Date <i>Trading resumes in the original security with the original ISIN</i>

## Capital Reconstructions where the Issuer is listed on both the NZX and ASX

Issuers listed on both the NZX and ASX are encouraged to contact both exchanges to discuss the proposed timetable prior to announcing. This is due to each exchange having different operating requirements.

The above timetables will still apply on the NZX where an issuer is also listed on the ASX.

Matters to consider if the issuer is proposing continuous trading when listed on both NZX and ASX are:

- The duration of trading on a temporary ticker may differ between the ASX and NZX. NZX will trade on a temporary ticker over Ex and Record Date.
- There may be different settlement of trades between the ASX and NZX. There will not be deferred settlement of trades on the NZX.

### **Capital Reconstructions where the Issuer is listed on the NZX and another exchange**

Issuers must engage with NZ RegCo and NZX Product Operations if they are listed on another exchange as well as NZX. This is due to the different operational requirements for each exchange.

### **Ticker Code Changes**

NZX can facilitate a ticker code change as part of a capital reconstruction. Any ticker code change will be as follows:

- i. Where the Issuer is in a trading halt for the Corporate Action, the new ticker code will begin trading from implementation date; or
- ii. Where the Issuer is undertaking continuous trading, the new ticker code will begin trading on a post capital reconstruction basis from Ex Date.

### **Contact details to discuss capital reconstructions**

If you have any questions please contact NZ RegCo Issuer Compliance at [issuer@nzregco.com](mailto:issuer@nzregco.com)

Issuers should refer to the [NZX Issuer Fee Schedule](#) for information on the costs of capital reconstructions, or alternatively contact their NZX Relationship Manager.

*Practice Notes are not intended to be a definitive statement of the application of the rules in every situation and are only a guide to NZX's policy and practice. This Practice Note does not limit NZX's discretion under the Rules. NZX takes no responsibility for any errors contained in Practice Notes. NZX may replace Practice Notes at any time.*